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SAN FRANCISCO BAY REGION TRANSIT FINANCING STUDY

SUMMARY

JANUARY 10, 1977

MTA Metropolitan
Transportation
Commission

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WHY IS TRANSIT IN FINANCIAL TROUBLE?

WHAT SERVICES NEED FINANCING NOW?

HOW MUCH WILL THEY COST?

WHERE WILL THE MONEY COME FROM?

WHO WILL ADMINISTER THE PROGRAM?

HOW WILL ADDITIONAL NEEDS BE MET?



SAN FRANCISCO BAY REGION

TRANSIT
FINANCING
STUDY

SUMMARY

Prepared by the
METROPOLITAN TRANSPORTATION COMMISSION
Berkeley, California January 10, 1977

INTRODUCTION

BARTD will close entirely in the middle of next year without new operating funds. San Francisco Muni copes with daily equipment shortages because of under-financed maintenance. AC Transit cannot afford more buses to meet rising demand.

Why, given the highest level of local tax support in the country, is the Bay Area's public transit service in such straits?

The answer lies in two basic factors which combine to keep the region's transit impoverished, despite years of unprecedented public commitment. First, BARTD was created with the expectation that it would support itself from fares, and although that utopian idea was discarded long ago, the system still has not been provided a permanent operating subsidy. It has subsisted instead on a series of stopgap taxes periodically passed by the Legislature, and by competing with Muni and AC Transit for limited state and

federal assistance. Second, transit agencies have allowed years of rising operating costs to accumulate, uncompensated by higher fares. Thus, all operators in the Bay Area have remained on tenuous financial footing, able so far to offer independent services but too unstable to coalesce as a true regional transportation alternative to the automobile.

In 1976, as part of Assembly Bill 3785, the Legislature mandated the Metropolitan Transportation Commission to define a comprehensive plan for near- and long-term financing of public transit in the Bay Region. After months of cooperative effort involving the project's Steering Committee; MTC staff, consultants and public pollsters; the Boards of Directors and staffs of transit operators; citizen advisors and legislative staff, the Commission has adopted a recommended financing program, of which this is a brief summary.

The study defined:

- The near-term period for which funding requirements can be clearly identified:

The five fiscal years beginning July, 1976, and ending June, 1981, represent the "near-term" funding period distinguished by AB 3785.

- Those transit services for which present funding sources can suffice:

The Golden Gate Bridge, Highway and Transportation District, the transit districts of San Mateo and Santa Clara Counties, and newly formed community transit services in some outlying areas presently have the means to fund their activities through 1980-81.

- Those services for which additional financing is an immediate, critical need:

In the nine Bay counties, only the Bay Area Rapid Transit District (BARTD), Alameda-Contra Costa Transit District (AC Transit), and the San Francisco Municipal Railway (Muni) face either outright shutdown or certain service deterioration within 18 months without new sources of operating funds.

- The magnitude of those requirements:

Assuming diligent management by transit operators, and after using all local means to cut costs and raise revenues, an unfunded deficit of \$62 million remains in fiscal 1980-81, for which legislative assistance will be required.

The study concluded:

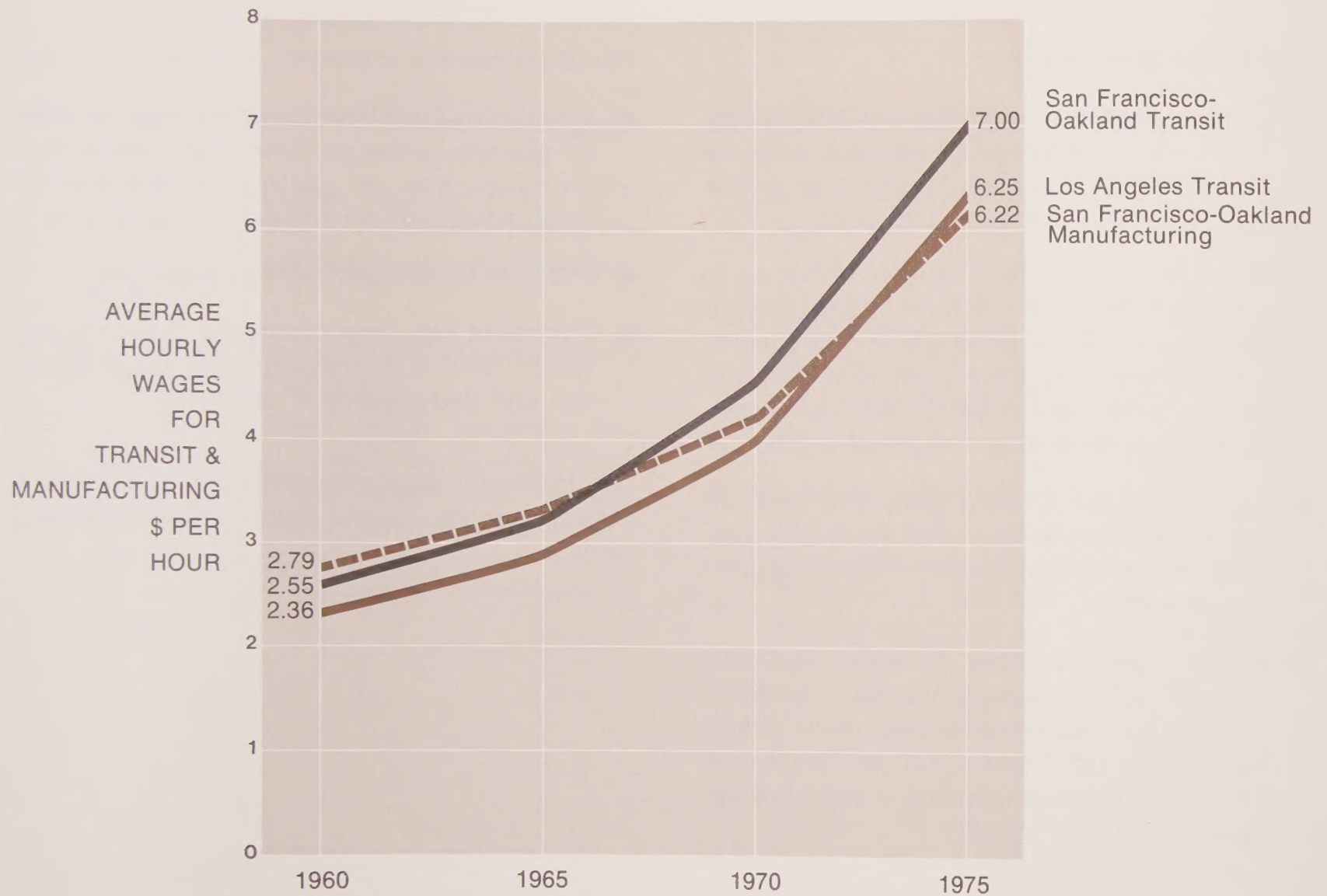
- The Bay Area has the ability — and the obligation — to bring transit's costs and revenues into closer balance before asking the Legislature to close the remaining gap;
- Only those localities originally choosing to participate in the basic three-county BARTD system should be expected to pay directly toward its deficit. Others will be required to commit their resources to local transit services complementing a regional whole;
- Transit services existing today, if funded and managed according to this study's recommendations, will be made permanently self-sustaining;
- Today's basic services, however, probably will not wholly meet tomorrow's demand, especially if gasoline shortages recur. Therefore, financing of additional services for the future should be anticipated in solutions undertaken for the present.

The Commission adopted:

- A six-point financial program designed both to sustain today's committed, basic-level services, and to anticipate the cost of tomorrow's still-undefined requirements;
- Effective local cost-control measures;
- Concepts for administering the program within MTC's already-existing responsibilities and delegations of authority.

The following pages amplify the conclusions, actions, and recommendations of the financing study.

15-YEAR TRENDS IN LABOR COSTS



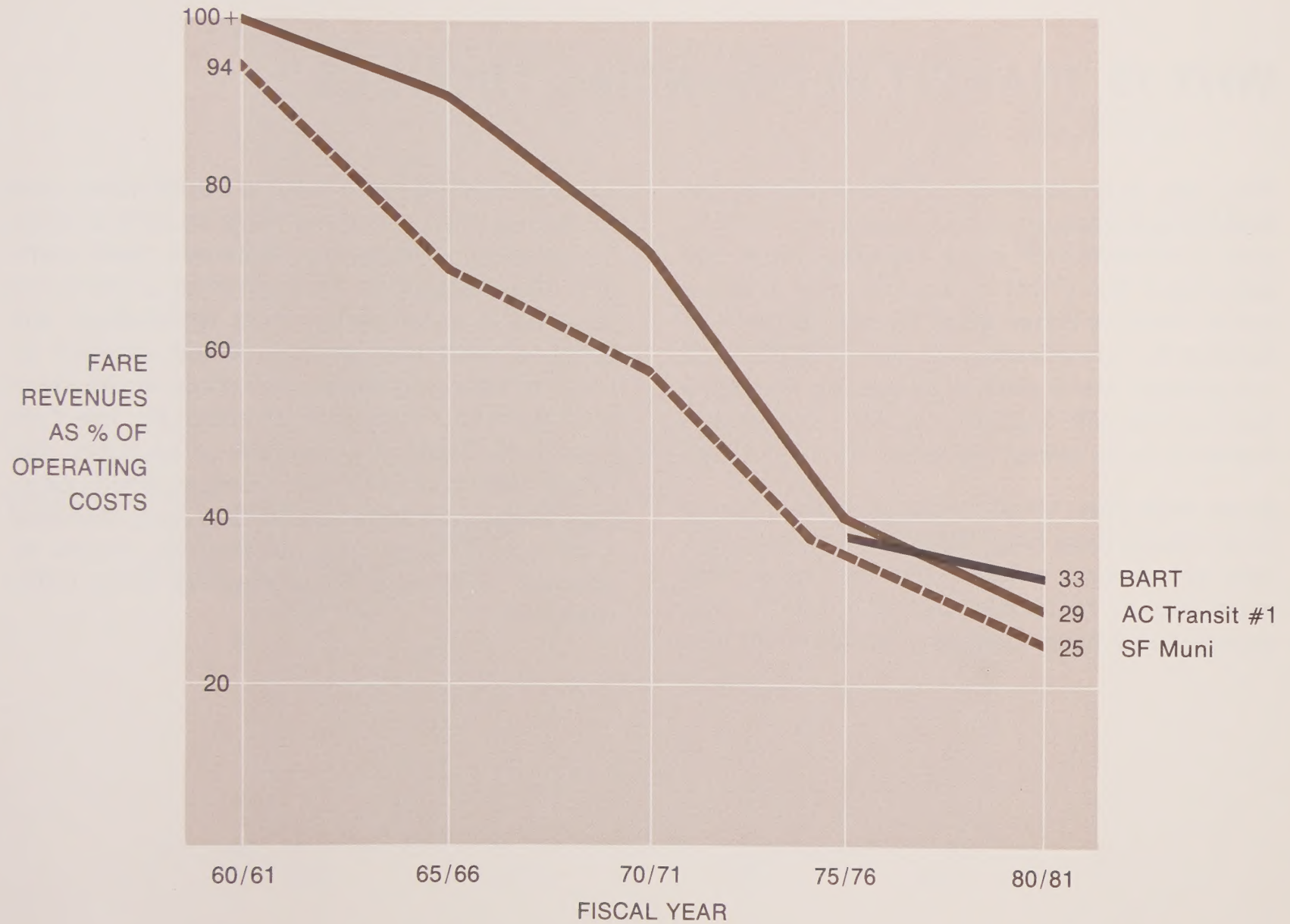
WHY IS TRANSIT IN FINANCIAL TROUBLE?

The lack of an assured operating subsidy for BARTD has thrown it into competition with Muni and AC Transit for state Transportation Development Act (TDA) funds and federal assistance from the Urban Mass Transportation Act, Section 5 — a relatively small pie when sliced too many ways. Add a decade of soaring operating costs unmet with higher fares, and you have the ingredients for transit's current financial crisis.

Costs have risen on all fronts: protracted breakdown problems have beset BARTD's sophisticated new rail service, inflation has hit harder than expected at materials and equipment, and energy costs have rocketed. But the most pre-

cipitous rise has been in local transit labor costs as transportation unions have sought to erase longstanding disparities between their crafts and other industries. This catch-up process has resulted in labor settlements which have outstripped increases of non-transit workers locally, transit employees elsewhere in the state, and general inflation charted by the San Francisco-Oakland consumer price index. Between 1960 and 1975, for example, hourly earnings of transit workers in the Bay Area escalated 175%, while local manufacturing wages increased 123% and the consumer price index rose 81%.

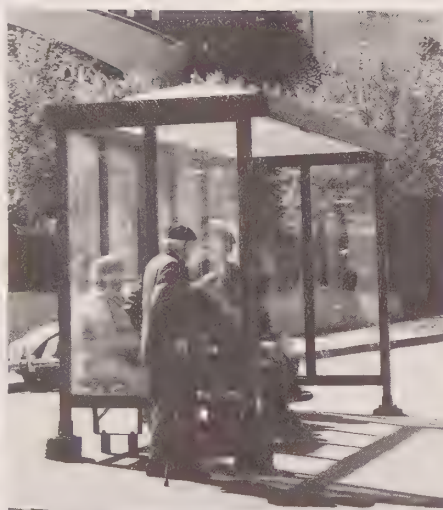
20-YEAR TRENDS IN FARE CONTRIBUTION TO TRANSIT COSTS



WHY IS TRANSIT IN FINANCIAL TROUBLE?

At the same time, transit fares have not kept pace. So far in the 1970's, AC Transit's fare revenue has slumped from 72% to 40% of its total operating expense. Muni's fares now cover only 36 cents of every operating dollar, against 58 cents in 1970. BARTD's fares last fiscal year yielded only 38% of its operating cost. Without action to arrest this trend, fares by 1980-81 will produce only 28% of the revenue needed to pay for transit service in the three BARTD counties.

To date, taxes have been expected to fill the gap between spiraling costs and stagnant fares. But since tax dollars now strain to cover more demands than they can meet, deficits approach being unfinancible without cutbacks in service. The program presented in this report proposes to halt that erosion with mechanisms for keeping costs and fares in balance.



WHAT SERVICES NEED FINANCING NOW?

This study primarily undertakes to preserve the transit service already existing or expected as a result of past voter authorizations in Alameda, Contra Costa, and San Francisco Counties. These counties have led the Bay Area, and, indeed, the nation, in their visionary commitment to public transportation over the last 15 years, as evidenced by their creation of AC Transit, BARTD and local bus services. These are the counties whose per capita local tax support of transit consequently averages more than \$66 a year. Here is where substantial trunkline and local service already exists, where financing requirements are well defined and can be accurately projected, and where established services will not survive without additional financing.

Referred to in this study as the “basic system”, these services consist of:

- BARTD, operating four routes on close headways during peak hours, continuing to provide less frequent evening service, and initiating weekend service;
- Muni, commencing its Metro service, realigning but not reducing its surface transportation, and committing to a program of preventive maintenance to preserve its substantial investment in facilities and equipment;



WHAT SERVICES NEED FINANCING NOW?

- AC Transit, restructured to accommodate the increasing ridership it has experienced in the last few years; and,
- Addition of minimum levels of local collection and distribution service in those areas of Contra Costa and Alameda Counties not now receiving local bus service.

Although servicing San Francisco County, the Golden Gate Bridge, Highway and Transportation District has not been included in the basic system, since the District contemplates independent toll and fare actions making it self-supporting through 1980-81. Neither does the basic system embrace transit services in San Mateo and Santa Clara Counties and in some smaller outlying communities, where new transit organizations have only recently emerged and are still in the process of deciding their roles in the regional transportation scheme. These embryonic efforts, also adequately funded through 1980-81, should not be treated with the same financial prescription writ-

ten for the well-defined problems of AC Transit, BARTD and Muni. Accordingly, the financial program which follows has been conceived, first, to sustain the three-county basic system in place today, and second, to establish incentives for other Bay Area counties and communities to commit to adequate service in their areas as their contribution to a wider regional network.

Farsighted past commitments notwithstanding; are the three BARTD counties still willing to support their struggling transit systems? A public opinion poll commissioned by MTC in conjunction with this study demonstrates that local commitment remains strong despite some disappointment with the pace of delivering improved and dependable service. Tyler Research Associates, Inc., found that 97% of registered voters in the three counties still regard services of BARTD, AC and Muni as important to their area. Seventy percent consider the systems to be performing well and deserving of additional local funds to maintain or upgrade service.

TRANSIT OPERATOR DEFICIT PROJECTIONS FOR 1980-81

(Amounts in Millions)

	AC Transit #1	AC Transit #2	Local Buses	SF Muni	BART	TOTAL
Operating Cost	66.3	5.9	12.2	105.7	105.6	295.7
Capital Matching	4.1	0.0	0.0	7.6	11.2	22.9
TOTAL COST	70.4	5.9	12.2	113.3	116.8	318.6
Operating Revenue	18.3	0.3	2.4	25.7	34.7	81.4
Property Taxes	21.8	2.5	3.7	49.4*	6.7	84.1
Committed Revenue	40.1	2.8	6.1	75.1	41.4	165.5
TDA & Section 5	15.5	2.1	2.2	16.1	12.5	48.4
TOTAL REVENUE	55.6	4.9	8.3	91.2	53.9	213.9
PROJECTED DEFICIT	14.8	1.0	3.9	22.1	62.9	104.7

*Includes Revenue Sharing and Contributed Services

HOW MUCH WILL THEY COST?

The basic transit system is estimated to cost \$319 million in the 1980-81 fiscal year. The unfunded deficit, with no regional attempt at mitigation and no legislative remedy, would total \$105 million. In round numbers, that consists of \$63 million by BARTD, \$22 million by Muni, \$16 million by AC Transit, and \$4 million for local bus service in eastern Contra Costa and Alameda Counties.

These figures are based on many assumptions, the most important being that transit management will be successful in holding down labor increases; that costs of fuel, materials, and equipment will inflate at reasonable rates; that patronage will conform to established growth

trends; that federal support will remain at current levels; that local tax support will follow the consumer price index, and that capital programs will continue to be 80% funded by federal grants.

However, the region is not content with merely submitting the above invoice to the Legislature. Opportunities exist to cut costs, raise revenues, and reduce the estimated deficits, and we are exhausting these before looking to the Legislature for help. Four of the six elements in the following financial program represent local funding or cost-control initiatives, the aggregate effect of which is to mitigate the 1980-81 deficit requiring legislative action to \$62 million.

PROGRAM TO RESOLVE PROJECTED DEFICITS

(Amounts in Millions)

	AC Transit #1	AC Transit #2	Local Buses	SF Muni	BART	80-81 TOTAL	85-86 TOTAL
Projected Total Cost	70.4	5.9	12.2	113.3	116.8		
Efficiency Offset (—)	3.3	0.3	0.0	5.3	5.3		
Revised Total Cost	67.1	5.6	12.2	108.0			
COMBINED COST			192.9		111.5	304.4	408.8
Committed Revenue	40.1	2.8	6.1	75.1	41.4		
Fare Increase Net Revenue (+)	3.7	0.8	0.0	9.4	0.4		
Revised Revenue	43.8	3.6	6.1	84.5			
Combined Revenue			138.0		41.8	179.8	242.8
TDA and Section 5			48.4			48.4	67.9
Sales Tax Extension					61.6	61.6	90.4
Capital Claim on Bridge Tolls*			6.5		8.1	14.6	7.7
TOTAL REVENUES			192.9		111.5	304.4	408.8

* Net bridge revenues as proposed are projected to produce \$18.6 million in 1980/81 and \$19.9 million in 1985/86. Any residual

bridge revenues would be available for transit or highway projects as authorized by AB 664.

WHERE WILL THE MONEY COME FROM?

MTC has adopted the following six-point financial program, which both meets the continuing needs of the basic system and anticipates requirements for additional services:

- The Commission will require local taxing authorities to maintain established levels of transit support, as a condition for receiving discretionary funds.
- The Commission will direct regional transit cost-control efforts by establishing and enforcing standards for operating efficiency, service coordination and labor escalation. In anticipation of concrete productivity gains, the Commission has reduced by 5% the annual costs projected by each operator beginning with 1978-79.

Although still a young institution, MTC already has undergone an evolution from longer-range planning toward transportation system management as state and federal assistance programs increasingly have required monitoring of operator performance. Now, to establish effective cost control, MTC will (1) settle with operators on individual performance criteria, system coordination objectives and labor cost guidelines, (2) monitor achievement of those standards through annual budget and performance analyses of each operator, and (3) encourage or reward progress through the allocation of discretionary funds.

WHERE WILL THE MONEY COME FROM?

- The Commission will establish regional fare guidelines, also tied to allocation of discretionary funds, which will require collective fare revenues of BARTD, AC Transit and Muni to equal 35% of the total cost of transit service in the three counties. Moreover, beginning with expiration of BARTD's current labor contract in 1979, fares of any individual operator must be further increased to recover in full any labor cost increase exceeding 5.5%.

This resolve is our most important signal to operators that they will be held accountable for results of their labor settlements—and to labor that it has now achieved parity

with other crafts and must be content with settlements that will not jeopardize continuing transit service.

Aside from that direct correlation to labor settlements, the fares required of any given operator would consider peculiarities of local tax support, time needed to develop ridership on new services, the extent to which existing fares reflect patrons' different income circumstances, the level of service and its comfort, the extent to which other budgetary means are being used to reduce reliance on higher fares and taxes, and any sacrifices being made in the interests of service coordination.

WHERE WILL THE MONEY COME FROM?

- The Commission will exercise its authority under Assembly Bill 664 (Chapter 1229, 1975) by increasing automobile tolls to \$1 on the San Francisco-Oakland, the San Mateo-Hayward, and the Dumbarton bridges, effective July 1, 1977.

Assuming the Dumbarton Bridge is rebuilt with toll proceeds as mandated last year by the Legislature, bridge revenues will not be available for transit uses over the next 10 years without an increase in present tolls.

To increase ability to allocate funds as needed and to retain maximum funds for discretionary use, amendments to AB 664 will be sought permitting the use of bridge toll revenues for transit operating as well as capital purposes and limiting Caltrans' claim on toll revenues for bridge construction, operation and maintenance.

Also, the Commission will seek legislation relieving BARTD of its obligation to repay the California Toll Bridge Authority the remaining \$39 million cost of BARTD's transbay tube approaches. Toll funds originally financed these approaches and will come due for repayment beginning January 1, 1978. To enforce this debt would aggravate BARTD's already perilous financial state and could occasion a needless circular transfer of funds — operator revenue to Bridge Authority, toll revenue back to operator.

- The Commission recommends that the Legislature indefinitely extend the half-cent sales tax in the three BARTD counties to relieve the deficit remaining after the region's mitigating actions. The tax is now due to expire June 30, 1978.

WHERE WILL THE MONEY COME FROM?

- To provide for services beyond the basic system the Commission urges the State to commit tidelands oil revenues, increased gasoline excise tax and/or automobile in-lieu tax to a state-wide transportation program, incorporating the constitutional revisions necessary to permit flexible funding of transit as well as highway programs.

In formulating the foregoing program the Commission concluded that there is not a legitimate basis for assessing a share of BARTD's deficit directly to San Mateo and Santa Clara Counties, as has been previously suggested. The Legislature originally excluded Santa Clara County from the BART District. It provided the mechanism in the BARTD Act which gave San Mateo County the right to leave the District. It subsequently authorized independent San Mateo and Santa Clara County Transit Districts, and established the Transportation Develop-

ment Act which reserves local funds for use in the county of origin. The legislative intent clearly implied in these past actions is that each county be free to choose how to use local funds in support of regional transit. Relying on that legacy of local choice, the voters of San Mateo and Santa Clara Counties have authorized half-cent sales taxes of their own to support their fledgling transit systems.

MTC does not recommend subverting that concept by requiring San Mateo and Santa Clara Counties to participate directly in funding BARTD's deficit. To do so not only would breach the right each county has had in the past to make its own transit choices, but would needlessly undermine MTC's current emphasis on getting San Mateo and Santa Clara Counties to invest their resources in local services as their responsibility to a functional regional system.

WHO WILL ADMINISTER THE PROGRAM?

MTC already has the institutional authority necessary to conduct the financial program—to set bridge tolls, to allocate discretionary funds, and to specify and enforce efficiency and coordination goals.

Independent of legislative action on other program elements, the Commission will sponsor a metropolitan transit association to address operating efficiency and coordination improvements. MTC will provide the leadership, staffing, and financial support of the association. Minimum membership will consist of MTC, BARTD, Muni and AC Transit, with the Golden Gate Bridge District, the San Mateo County Transit District and the Santa Clara County Transit District expected to join either at the outset or soon thereafter. After the current fiscal year, allocations of all discretionary funds will be conditioned on active operator participation in the work of the association.

In the long run, changed institutional arrangements may be suggested by new state financing initiatives or by activities of the operator association. However, they need not be specified now.

To allocate proceeds of the financial program MTC will first nullify all prior TDA and Section 5 subsidy commitments, establishing a pool of discretionary funds. Next, it will allocate all of these funds presently available in the three counties to AC Transit, Muni, and local bus service improvements in eastern Alameda and Contra Costa Counties. And third, it will recommend allocation of the half-cent sales tax to BARTD, subject to an annual budget review by MTC to determine whether proceeds exceed BARTD's total needs for operating and capital matching funds. If they should, BARTD would be obliged to apply the surplus toward the cost of AC-BARTD and Muni-BARTD transfers or local feeder bus service to the BARTD system.

POPULATION AND TRANSIT RIDERSHIP GROWTH ?



HOW WILL ADDITIONAL NEEDS BE MET?

If followed, the first five elements of the financial program will form a self-balancing mechanism able to sustain the basic system indefinitely as the nucleus of public transportation for the Bay Area. But that system already strains under present peak-period demand. Will it therefore be adequate in the next decade if not augmented and improved? Probably not. Certainly not if threatened gasoline shortages materialize.

Thus, preparations must begin now for additional transit services that will be needed soon. The Bay Area has learned from harsh experience how long it takes to initiate a new level of service such as BARTD, the Muni Metro, or the new Golden Gate ferries. Even bus service expansions have long lead times.

Extending the sales tax does not provide for more than the already-committed basic service, and it does not advance the fundamental objec-

tive of a less automobile-dependent transportation system. A transportation program founded on gasoline or auto in-lieu taxes achieves both those goals. However, Article XIX of the state constitution, plus unwanted market dislocations from a regionally-applied gasoline tax, preclude such a plan in the Bay Area in the short run. Thus, the financial program's sixth recommendation urges the state to remedy these defects for the benefit of general transportation improvement, freed from restrictive provisions in the law.

How much automobile or gas tax might be needed for improvements beyond basic service depends on the uncertain outcome of a number of factors. For instance, both San Mateo and Santa Clara Counties have long-range transit studies in progress, the financial soundness of which should not be prejudged.

HOW WILL ADDITIONAL NEEDS BE MET?

Also, the region as a whole needs an opportunity to measure the response to BARTD and the Muni Metro after service break-in problems have been surmounted. Further, transportation systems management strategies now being devised should be initiated, practiced for a time, and analyzed for their effectiveness. So while it is clear that the basic system will not suffice forever, it is not yet clear what will be needed to augment it. From now on, transportation financing must allow for geographic and modal flexibility to meet whatever needs evolve. Only the state can create a program with that flexibility.

It is hoped that this summary report will be carefully analyzed by its readers and their conclusions channeled to the many people who have worked on this project. Those contributors are named in the acknowledgment pages that follow. We encourage you to dedicate whatever time is necessary to understanding transit's financial plight, which services now hang in the balance, what is needed to preserve them, and —based on that understanding— to help decide the shape of tomorrow's transportation in the Bay Region.

FORMAL MTC DECISIONS

The Metropolitan Transportation Commission, in its Resolution No. 382 dated December 15, 1976, unanimously adopted the following motions recommended by the Steering Committee of the San Francisco Bay Region Transit Financing Study.

DECISION 1 — THE LEVEL OF SERVICE TO BE FINANCED

Motion 1:

That the Commission focus on the basic service to be provided in the three BARTD counties because it is relatively well-defined and has financial requirements that must be met in the near term. The Committee finds that the needs of the Golden Gate Bridge, Highway and Transportation District, San Mateo County Transit District, and Santa Clara County Transit District have been considered and are adequately provided for or that adequate authority is already vested with the respective boards to provide for their financial needs in the near-term (through 1980-81).

Motion 2:

The Committee adopts the following definition of the basic system for purposes of estimating financial requirements:

The "basic system" requiring financing in the near-term should consist of: (1) BARTD providing four-route service on close headways during peak hours, continuing to provide less frequent night service, and instituting weekend service; (2) commencement of the Muni Metro; restructured but not reduced surface Muni transportation, and commitment to a program of preventive maintenance to preserve its substantial investment in facilities and equipment; (3) AC Transit service restructured to accommodate the increasing ridership it has experienced in the last few years (3% per year growth); and (4) the addition of minimum levels of local collection and distribution service in those areas of Contra Costa County and Alameda County not presently receiving local bus service.

DECISION 2 — THE PROJECTED DEFICIT

Motion 3:

That the MTC start in January public hearings for increases on the toll bridges so that income from the bridges could be worked into the financial figures for the 1977-78 fiscal year. The toll increases on the three bridges should coincide with increases on the Golden Gate Bridge.

Motion 4:

MTC should continuously monitor the assumptions.

Motion 5:

That the assumptions be adopted as shown:

1. Sales tax increase at 8%.
2. Property tax assessment increase at 6%.
3. TDA increase at 7%.
4. Wages, salaries, and fringes increase at 5.5% (see fare guidelines for exception conditions).
5. Materials and supplies increase at operator experience up to 10% maximum.

6. Other operating costs (services, etc.) increase at 6.7%.
7. Section 5 funds as scheduled to 1979-80, then increase at 7%.
8. No depreciation allowed in operating or capital costs.
9. Reserves will be run down to cover operating or capital costs in 1976-77.
10. Muni general fund increase at 6%.
11. San Francisco revenue sharing monies for Muni constant at \$5,000,000.
12. Fare schedules (see Decision 4).
13. Patronage increase as per operator experience.
14. Capital budgets fully funded.
15. Assume Muni can fund Muni Metro with bonding, and discretionary funds are sufficient to pay off bond schedules.

Motion 6:

That the deficit projections provided by the operators, and augmented to include funds for Eastern Alameda and Contra Costa local bus service, be relied upon in determining transit financial needs.

DECISION 3 — HOW TO TREAT THE QUEST FOR IMPROVED OPERATING EFFICIENCY

Motion 7:

Anticipate an efficiency gain by deducting 5% from projected operating costs for 1978-79, 1979-80 and 1980-81.

DECISION 4 — FARE LEVEL GUIDELINES

Motion 8:

For purposes of determining tax revenue needed, require that 35% of operating costs regionwide will come from operating revenue in the cases of AC Transit-District #1, BARTD and Muni. Assume targets of 10% for 1978-79, 15% for 1979-80, and 20% for 1980-81 for AC Transit-District #2 and local bus service.

Motion 9:

Establish guidelines for reference in allocating discretionary funds.

Motion 10:

Require that fares must be increased to fund the full cost of any labor settlement in excess of 5.5% per year, beginning at the expiration date of the current BARTD contract (June 30, 1979).

DECISION 5 — HOW MTC SHOULD EXERCISE ITS AUTHORITY TO ADMINISTER BRIDGE TOLLS

Motion 11:

Equalize passenger auto tolls to \$1 on the Dumbarton, San Mateo-Hayward and San Francisco-Oakland Bay Bridges for transit and highway purposes. Start public hearings in January, 1977, to increase bridge tolls effective July 1, 1977.

Motion 12:

Seek authority to use bridge revenues for operating purposes, where necessary to maximize federal contribution.

Motion 13:

Seek means of limiting Caltrans' claim on bridge toll revenues.

Motion 14:

Seek legislation to cancel BARTD's obligation to repay the cost of transbay tube approaches (\$39.1 million).

DECISION 6 — WHAT SAN MATEO AND SANTA CLARA COUNTIES SHOULD CONTRIBUTE TO BARTD'S DEFICIT

Motion 15:

That MTC use its authority to require San Mateo and Santa Clara Counties to commit to providing their fair share of a regional system of transit services.

DECISION 7 — THE SOURCES OF ADDITIONAL NEEDED REVENUES

Motion 16: Consider as part of Decision 10 the need for a state transportation program to fund any extensions of service beyond the basic system.

Motion 17:

Require that 35% of regionwide operating costs of BARTD, Muni and AC Transit District #1 be contributed by fares; recommend extension of the half-cent sales tax in the three BARTD counties (with optional authority for other counties), increase bridge tolls to \$1, and establish maintenance-of-effort and efficiency incentives to sustain the basic service in the three BARTD counties.

DECISION 8 — ALLOCATION OF NEW SOURCES OF REVENUE

Motion 18:

Extend sales tax revenues to BARTD with the understanding that all TDA and Section 5 funds at currently projected levels will go to AC Transit and Muni, except to make funds available for local transit services where BARTD is the only eligible applicant. MTC, as part of an annual budget review, will determine whether the proceeds of the sales tax levy exceed BARTD's combined operating and capital matching fund needs, with the expectation that any excess funds would be allocated to absorb all or part of the cost of AC Transit and Muni transfers or local feeder service to the BARTD system.

DECISION 9 — INSTITUTIONAL QUESTIONS

Motion 19:

That MTC specify coordination and efficiency goals, and the process for addressing them. That MTC will sponsor a transit association by funding its activities and providing dedicated staff. MTC, AC Transit, BARTD and Muni will comprise the minimum association membership, with participation by the Golden Gate Bridge District, San Mateo and Santa Clara Transit Districts contemplated initially or soon after association formation. The process will include use of MTC discretionary allocation authority to encourage desired participation by the operators.

DECISION 10 — STATE FINANCIAL REQUIREMENTS

Motion 20:

Recommend a self-balancing financial program for the basic service as embodied in the preceding motions, and a state-assisted transportation funding program which would include tidelands oil revenues, gasoline tax increase, and/or automobile in-lieu tax increase, including the necessary constitutional revisions to permit funds to be used for transit programs. The state program should provide funds collected by the state and used for regionally adopted transportation plans and programs.

For further information regarding this study, please contact:

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Available supporting data includes the following background papers:

1. Public Transit Financing Requirements - Institutional Questions
2. Public Transit Financing Requirements - Fare-Level Guidelines
3. Employing MTC's Authority Under AB 664 - Bridge Tolls as a Transit Revenue Source
4. How to Finance Transit Service
5. How Much Should San Mateo and Santa Clara Counties Contribute to the BARTD Deficit (Appendix to How To Finance Transit Service)
6. Transit Coordination and Efficiency
7. Alameda, Contra Costa, and San Francisco Counties Transit Finance Public Opinion Survey (and Addendum), (Tyler Research Associates, Inc., October, 1976)
8. Revenue Sources for Transit Finance (MTC Transit Finance Task Force, January 12, 1976)

Prior reports consulted in the preparation of this study include:

1. Financing Bay Area Transit (Bay Area Council, September 1975)
2. Financing Public Transportation in the San Francisco Bay Area (Three County BART District) (Legislative Analyst, November 1975)

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